



# Summary of 2008 Medicaid Transformation

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# Update on Kansas Medicaid



# Kansas Medicaid: Spending

- \$2.5 billion in FY 2009 (all funds, all agencies)
- KHPA Medicaid programs accounted for \$1.3 billion
- Historic growth of about 8.5% FY 1999-2009
- Recent growth of 3% FY 2004-2009
- Projected annual growth of 5.5% in FY 2009
  - Enrollment growth of 2.2%
  - Costs per person up 3.2%



# Kansas Medicaid: Successes

- The Working Healthy Program
- Disproportionate Share Hospital Payment (DSH) methodology
- Presumptive Medical Disability
- Resolution of Federal audits and deferrals
- Rapid implementation of expanded managed care (HealthWave)
- Conversion to standard ID cards
- Expanded web-based services for providers and beneficiaries



# Kansas Medicaid: Payment Accuracy

- Kansas' Payment Error Rate measurement (PERM) results
  - Federally-administered process
  - Last measured in FY 2006
  - Kansas' rate was about the national average for Medicaid
  - Estimated accuracy was about 97%
  - Not an estimate of fraud
  - Next round (2009) includes eligibility



# Kansas Medicaid: Remaining Challenges

- Steadily rising costs
- Strained relationships with providers
- Major gaps in coverage
- Historic focus on health care
  - *need to also focus on prevention and wellness*
- Historic focus on paying bills
  - *need to also focus on quality of care*
- Historic focus on program survival
  - *need to also focus on market impact*
- Historic focus on responsive management
  - *need to also focus on data-driven management*



# The Medicaid Transformation Process



# Transforming Medicaid: Management Objectives

- Cost-effectiveness
- Program integrity
- Coordinate program delivery
- Improve quality
- Health promotion and a medical home
- Address gaps in coverage
- Enhance access





# Transforming Medicaid: Process Goals

- Transparent policy-making
  - Accountability
  - Disciplined evaluation
- Stakeholder involvement
  - Increased scrutiny of agency decisions
  - More input and better ideas
- Data-driven decision-making
  - Explain spending and healthcare trends
  - Apply program experience
- Continuity in policy discussions



# Transforming Medicaid: Comprehensive Program Reviews

- Evaluations by program staff
- Began in 2007 with initial drafts
- 14 reviews in 2008
- To be repeated annually
- New topics for 2009
  - KHPA Medicaid operations
  - Medicaid mental health services
  - Medicaid funding of health clinics



# Transforming Medicaid: Key Products

- Program reviews to be made available by 2009 session
- Summaries for Board and Legislative consideration
- Program recommendations
  - Initiatives for FY 2009-2010 Budget
  - Administrative initiatives
  - Revenue-dependent initiatives
  - Areas for further study and policy development



# Summary of 2009 Medicaid Transformation Recommendations

- Budget initiatives saving \$11.7 million over 5 years
  - Pharmacy management
  - Outreach initiatives
  - Qualify data collection
- Administrative actions saving \$16.6 million over 5 years
- Revenue dependent options
  - Coverage of parents living in poverty
- Additional options and unanswered questions



# Transforming Medicaid: Concluding Observations

- Comprehensive approach is difficult, disruptive, and time-consuming
- Accelerates and improves policy-making
- Lays bare what we know
- Grounds KHPA recommendations in data and documented experience
- Presents an alternative to speculative Medicaid reforms based on anecdote
- Defines Transformation as a process

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